

The Menace of Radio Monopoly

RADIO CORPORATION OF AMERICA—In the field of radio, the world figure is the Radio Corporation of America. R. C. A. was initially established for the ship-to-shore communication, and in connection with a radio patent pool.

It is now interested in motion picture production, distribution, and exhibition; in the phonograph industry; in vaudeville; in music production; in television; in manufacturing and selling vacuum tubes; in producing and marketing equipment for broadcasting and receiving; in various other allied arts and industries, as well as in telegraphic and cable communications, and in radio broadcasting.

Report of the hearings on the Couzen's communications bill is significant from the standpoint of the mass of testimony directed against the Radio Corporation, also unfavorable to the other groups constituting the so-called "radio trust." The combine was accused on all sides of being guilty of intimidation and exploitation, not stopping short of any measure "to destroy its rivals in the tube field," and crush "its competitors in every field."

R. C. A. Subsidiaries—The Radio Corporation is organized under separate state and national laws, as for example: The Marconi Telegraph Cable Company of New Jersey; Radio Corporation of America of Argentina, Inc.; Canadian Marconi Company.

It has absorbed the 700 Keith-Albee theaters, the Orpheum chain of theaters, the Pantages chain of theaters, in addition to chains of vaudeville and motion-picture theaters outside the United States. It has purchased the majority of stock in Film Booking Offices of America, Inc., the Victor Talking Machine Co., etc.

The following subsidiaries are some of those enumerated at the hearings:

National Broadcasting Company, Radio Marine Corporation of America, Radio-Keith

Orpheum Corporation, Radio-Keith Orpheum Distributing Corporation, Radio Corporation of America Photophone, Inc., Radio Corpora-

KILLING THE EDUCATIONAL STATIONS—Does it make any difference to America, that, under the administration of the present Federal Radio Commission, twenty-three educational broadcasting stations went out of existence between January 1 and August 1, 1930—twenty-three in seven months? Is this what the Congress of the United States calls "the public convenience, interest and necessity?"—Gross W. Alexander in a letter to Senator Charles W. Waterman dated February 28, 1931.

tion of America Communications, Inc., General Motors Radio Corporation, Radio Music Co., [N. B. C.], Radio Victor Corporation of America, Marconi Telegraph Cable Co. of New York, Audio Vision Appliance Co., Canmar Investment Co., Radio Real Estate Corporation of America, United States Radio Supply Co., and others.

Mediums of Mass Communications and the Public Utilities—The National Broadcasting Company was organized at the suggestion of Mr. Owen D. Young, at that time chairman of the boards of the Radio Corporation and the General Electric Company. [A] He selected Mr. Merlin H. Aylesworth to become its president. [B] "At the time that Mr. Aylesworth was employed to take the presidency of the National Broadcasting Company he was the director of public relations, or publicity, of the National Electric Light Association." [C] During Mr. Aylesworth's period of service with the National Electric Light Association as managing director, that organization engaged in an astounding campaign to influence the

clergy, chambers of commerce, the press, all kinds of civic organizations, local politicians, college professors, superintendents of schools, and textbook publishers. As revealed by the Federal Trade Commission, it engaged in a "conspiracy" to corrupt the public intelligence thru unreliable statistics and onesided propaganda on behalf of unregulated, privately-owned utilities.

A sample of Mr. Aylesworth's policy is given in the following: [D]

"I would advise any manager who lives in a community where there is a college to get the professor of economics interested in your problems. Have him lecture on your subject to his classes. Once in a while it would pay you to take such men, getting \$500 or \$600 a year, or \$1000 perhaps, and give them a retainer of \$100 or \$200 a year for the privilege of letting you study and consult with them. For how, in heaven's name, can we do anything in the schools of the country with the young people growing up, if we have not first sold the idea of education to the college professor?"

At a convention in Birmingham, he said: [E] "Don't be afraid of the expense. The public pays the expense."

"Since its formation," admits Mr. Aylesworth, [F] "the National Broadcasting Company has done everything in its power to awaken the educators of this country to the possibilities of radio broadcasting in conjunction with the work of schools and colleges."

Columbia System Married to the Movies—The Columbia Broadcasting System is owned fifty percent by the Paramount-Famous-Lasky Corporation. By securing possession of 26 percent of Class A stock and 26 percent of Class B stock [which is one percent more in each case than it now has], the Paramount pictures would dominate the Columbia System.

Occasional rumors have it that the National Broadcasting Company will merge with the Columbia System as soon as public sentiment will warrant. In case R. C. A. succeeds in absorbing Paramount, it will be inevitable.

THE QUESTION OF MONOPOLY in radio communication must be squarely met. It is not conceivable that the American people will allow this new-born system of communication to fall exclusively into the power of any individual, group, or combination. It can not be thought that any single person or group shall ever have the right to determine what communication may be made to the American people. We can not allow any single person or group to place themselves in a position where they can censor the material which shall be broadcast to the public.—Herbert Hoover as Secretary of Commerce testifying before the House Committee which had under consideration the Radio Act in 1925.

Domination of Pictures Said Planned by R. C. A.—After a joint announcement by Adolph Zukor, of Paramount-Famous-Lasky Corporation and William Paley of Columbia Broadcasting System that Paramount had acquired half interest in Columbia, the announcement was made that the Radio Corporation had acquired the Pantages circuit, and, failing in immediate negotiations to absorb the Fox and Zukor film interests, the Radio Corporation agent was quoted in the press as saying: [G] "We are going ahead with our competitive program more competitively than ever. We are going to buy and build theaters, and what competition we can't swallow into our organization, we'll dynamite out of the field."

This was followed by an official denial. Public disclaimers, however, in which words of negation have scarcely dried in the newsprints before the thing disavowed takes place, are common, and reports of activities along these lines continue.

Radio Rapidly Becoming a Theater Man's Game—Broadcasting stars are eagerly sought by film producers. Film stars appear before the microphone. Since their voices reproduce similarly thru radio or talkies, a good artist is good thru either medium. This and other factors have direct bearing upon the organization of the twin industries of radio and talkies and their cultural influences. Radio is rapidly becoming a theater man's game.

N. B. C. and the Music Industry—The following testimony regarding the Radio Corporation's plans in the field of music to be carried out thru the National Broadcasting Co. was given in testimony of President Aylesworth before the Senate Interstate Commerce Committee: [H]

"I am going to loan \$600,000 of it to the Radio Music Company, which we have organized with two music publishers, one standard and one popular, for the protection of the radio industry, for the protection of broadcasting. . . . It is necessary for us to be in the music business to protect ourselves. . . . We hold that this new music company will develop American music, American composers,

for both educational music and for popular music. Nothing of that sort has ever been accomplished in this country. We think radio is the medium that can do it. All right, if radio is the medium that can do it, we have to con-

IF THE EDUCATIONAL institutions are going to be thrown on the mercies of the Federal Radio Commission, we can't make a beginning. So far as my experience has gone, we can't even get the Commission to acknowledge receipt of letters. It may be that some commercial programs are educational and that some educational programs are commercial. But the object is clearly different.—Herman G. James, President, University of South Dakota, at the Chicago Radio Conference on October 13, 1930.

trol the music situation. It is a simple business proposition with a little touch of sentiment in it."

Government Institutes Action to Restrain R. C. A.—During May, 1930, the federal government brought charges against the Radio Corporation and seven or eight of its relations alleging: ". . . an unlawful combination and conspiracy in restraint of trade and commerce among the several States, and with foreign nations in radio communication and apparatus, and the defendants are parties to contracts, agreements, and understandings in restraint of said commerce. . . ."

Senator Couzens, chairman of the legislative committee [Interstate Commerce] asserts that the litigation should be "of great public interest and concern" to every American citizen.

A Court Decision Against R. C. A. Espionage—In a decision favorable to the DeForest Radio Company by a New Jersey court, the following appears: [I]

"The radio company for the past two or three years has planted spies in the complainant's factory in Jersey City to learn, it is

claimed, its trade and trade secrets. Probably half a dozen of them at times held jobs in the complainant's works, doing the bidding of the radio company and all the while pretending to serve loyally both employers, for pay from each. . . . The radio company admits imposing its spies, as employees on the complainant. . . . I am not satisfied that the efforts of defendant's spy system was confined, as it is claimed, to ferreting out infringements of violations of the covenants mentioned. . . . I am not at all content with this explanation that the defendant's aims were solely self-protective. I am impressed that it sought a line on all the complainant's activities, and certainly its orders to the spies were not short of that. Their espionage was general. However that may be, the case as it stands convicts the defendant, by its own confession, of unlawful conduct by mean and reprehensible methods."

Great Cultural Institutions used to Advertise N. B. C.—An indication of one purpose underlying the "public-service" programs of the National Broadcasting Company which are furnished free of charge to associated stations, was recently made at Washington.

Being asked if such programs as those sponsored by the Foreign Policy Association, the Federal Council of Churches, the National League of Women Voters, and other leading organizations, were for the purpose of benefiting the people primarily, or for "popularizing the system," the head of the N. B. C. replied that they were "good advertising."

In a different form, the question was bluntly put, apparently to preclude any misunderstanding. [J]

"And those public service programs are a part of the business game of popularizing your own company?" he was asked.

"Yes," was Mr. Aylesworth's reply.

This conforms to previous official declarations that there is "no altruism" in the policies of N. B. C. It raises, however, a much more serious question relative to the machinations of great financial interests desiring to manipulate social and cultural institutions on behalf of their farreaching policies and aims.

National Radio Education and Ownership of Facilities—High officials of R. C. A. and N. B. C. are frank in saying they desire to do in the field of education what they are doing in the

THERE ARE FIELDS of education where the commercial broadcaster is at great disadvantage and is immediately open to the charge of prejudice. For instance, if we should give a course in economics over a station that has marked economic views, or if they should try to get it sponsored by a large corporation, we feel that our instruction would be prejudiced by that hookup just as we would feel that if a book were presented by an oil company to every school in the state, it would prejudice the material in that book.—H. C. L. Ewbank, Chairman, Radio Research Committee, University of Wisconsin, at the Chicago Radio Conference on October 13, 1930.

religious field—put on a national educational program thru their chain of stations. The industry agrees that an independent body of educators should organize the programs, “so as to avoid the suspicion of propaganda.” Then, if convenient hours can be found, the commercial facilities will be made available to the educator’s organization.

Some hesitancy, however, seems to be manifest among certain leaders in accepting the offer. They advise that motives are an important factor, when considering associating their work with profitmaking enterprises, and say: [K]

“To properly appreciate educational material from stations operating for profit, one should understand motives, and know which programs are broadcast for the purpose of creating new markets for goods, which are intended to support or popularize the broadcaster, which are planned as propaganda for the ‘proper geese,’ which aim to present felicitations and an atoning kiss to public opinion and the federal authority, and which are designed for enrichment of human life.”

It is contended by the industry and some educators that special facilities for educational uses or groups would be useless and wasteful duplication. It is replied that this contention is natural and to be expected, and pointed out that if broadcasting stations were common carriers, *subject to use by any individual or institution*, the contention would have more merit. A typical protest follows:

“Is it another race that is to be won by throwing golden apples to allure the attention of a possible contestant? Are we confronted with the old method of offering special privileges to our best leaders and institutions in the interest of commercial expediency, and for the sake of eliminating such competition as they might afford in case they were to set up a broadcasting structure with facilities of their own?”

Ownership of stations is the crux of the matter. Whoever controls facilities is bound to control their uses.

In his report to the Advisory Committee on Education by Radio, Mr. Armstrong Perry of the Payne Fund and federal Office of Education, asserts:

“The control of educational broadcasting at its source appears to be the most important element in education by radio at this time. The officials of public education have not

found it possible to control educational broadcasting completely where they controlled the broadcasting stations from which the broadcasting was done.”

I T SEEMS TO ME that we must have a distinctly different allocation from commercial stations. I don’t believe that the two interests can be harmonized. If somebody is to define the field of education it is not going to be a commercial agency. It is distinctly our burden. I believe we should endeavor to secure preferential privileges for the public educational institutions.—H. Umberger, Kansas State Agricultural College, at the Chicago Radio Conference on October 13, 1930.

Economic Centralization of Control—Permitting the machine agents of mass communication to gravitate into the power of a single corporation or handful of financiers it is said would be to invite catastrophe.

Yet, this is taking place. Senator Wheeler brought out at the Interstate Commerce committee hearings that: [L]

“ . . . Fifty-three of the favored stations were given more than fifty percent of the picked channels, while the balance of more than six hundred stations were assigned . . . to the remaining thirty-eight channels.”

Senator Dill indicated that twenty-five of the forty cleared channels carried the National Broadcasting Com-

[A] Senate-6, p. 1205. [B] House of Representatives, 15430, p. 546. [C] H. R. 15430, p. 775. [D] Social Service Bulletin, Vol. 20, No. 11, p. 2. [E] H. S. Raushenbush, “High Power Propaganda,” p. 2. [F] Senate-6, p. 1702. [G] Senate-6, p. 1806. [H] Los Angeles Times, 6-27-29; Examiner, 6-29-30. [I] Senate-6, p. 1713. [J] From 132 Atlantic Reporter, p. 496 et seq.; Court of Errors and Appeals of New Jersey, Feb. 1, 1926. Equity 65 (2). [K] Senate-6, p. 1710. [L] Pacific-Western Broadcasting Federation, Ltd. [M] Senate-6, p. 2345. [N] Senate-6, p. 2346.

pany’s programs, and twelve were on the Columbia chain, leaving three cleared channels for independent stations. Continued Senator Wheeler: [M]

“Now by this network of owned or controlled stations, the Radio Trust or the Power Trust, or the two combined, completely cover the entire United States on the very best channels. . . . And they as a matter of fact can present or they can prevent practically any program which they desire.”

Similarly, on the thirty-four short-wave channels set apart by international agreement for international relay broadcasting, the R. C. A. and its relations have fifteen positions. Fifteen of these exceedingly valuable and important positions for one commercial group in one country out of thirty-four for the entire world seems a large proportion.—From a special memorandum by Gross W. Alexander, which is largely a review of hearings of the Senate Interstate Commerce and House Merchant Marine and Fisheries Committees having to do with radio legislation.

GOVERNMENT SUIT AGAINST THE RADIO TRUST—On the thirteenth of last month there was filed in the United States District Court of Wilmington, Delaware, the most important antitrust suit in the history of this country, because, if prosecuted to a logical conclusion, it will result in the dissolution of the most powerful, wealthiest, most sinister, and most arrogant monopoly which ever oppressed the public, terrorized its competitors or flaunted the laws of any country.

This action was commenced by the Attorney General of the United States against ten corporations with aggregate assets of \$6,000,000,000 who are charged in the petition with violating the Sherman antitrust law. The combination against which this suit was directed are generally known to the public as the Radio Trust.

The ten corporations against whom this suit was brought are Radio Corporation of America, General Electric Company, American Telephone and Telegraph Company, R. C. A. Photophone, Inc., Western Electric Company, Inc.,

ON THE VERY FACE of the situation it is inevitable that we cannot mix educational and commercial stations on the same frequency. That isn’t an opinion; it is based upon plenty of evidence. Our good commercial friends tell us they are willing to devote some of their time to educational work. That is probably true, but they do it, of course, not from a missionary point of view, not from a standpoint of education per se, or their interest in it, but because it builds up goodwill and indirectly influences the returns from their commercial work.—Charles A. Culver, Carleton College, representing the Association of College and University Broadcasting Stations, at the Chicago Radio Conference on October 13, 1930.